

Statement by

Elizabeth M. James Duke, Ph.D., Administrator
Health Resources and Services Administration
Fiscal Year 2006 President's Budget Request

Before the

Subcommittee on the Department of Labor, Health and Human Services
Education and Related Agencies

Committee on Appropriations

U.S. House of Representatives

Accompanied by

William R. Beldon
Deputy Assistant Secretary, Budget
U.S. Department of Health and Human Services

March 15, 2005

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to meet with you today on behalf of the Health Resources and Services Administration (HRSA) to discuss the Fiscal Year (FY) 2006 Budget request to Congress.

HRSA, often referred to as the access agency, works to expand access to top-quality primary and preventive health care for low-income and uninsured people, mothers and their children, people with HIV/AIDS, and residents of rural areas. HRSA programs also seek to improve the diversity of the U.S. health care workforce and encourage placement of health professionals in communities where health care is scarce. In addition, the agency oversees a National organ and tissue transplantation system and administers programs meant to improve the ability of America's hospitals and health centers to respond to large-scale emergencies and disasters.

HRSA's programs reach into every corner of America, providing the foundation for the safety net of health care services relied on by millions of our fellow citizens. Funding of the FY 2006 Budget will allow HRSA to continue health care services and major initiatives in support of the President's commitments and goals.

In his February 2nd State of the Union Address, the President underscored the need to restrain spending in order to sustain our economic prosperity. As part of this restraint, it is important that total discretionary and non-security spending be held to levels proposed in the FY 2006 Budget. The budget savings and reforms in the Budget are important components of achieving the President's goal of cutting the budget deficit in half by 2009 and we urge the Congress to support these reforms. The FY 2006 Budget

includes more than 150 reductions, reforms, and terminations in non-defense discretionary programs, of which 11 affect HRSA programs. HRSA wants to work with the Congress to achieve these savings.

PRESIDENT'S HEALTH CENTERS INITIATIVES

For more than 35 years, the Health Center program has helped build cost-effective, high quality primary care delivery systems serving low-income residents in inner cities and in rural and isolated areas.

The President's Health Center Initiative, which began in FY 2002, complements the President's proposals to increase health insurance coverage in private and public insurance programs and to help to help all Americans gain access to affordable, high-quality health care. The FY 2006 Budget will complete the President's commitment to create 1,200 new or expanded health center sites to serve an additional 6.1 million people by 2006. More than 2.4 million additional individuals will receive health care in 2006 through 578 new or expanded sites in rural areas and underserved urban communities. In addition, the President has established a new goal to help every poor county in America that lacks a health center by establishing a new community health center or a rural health center. The Budget includes \$26 million to fund new health center sites in high-poverty counties. In FY 2006, health centers will serve an estimated 16 percent of the Nation's population who are at or below 200 percent of the Federal poverty level.

The Health Centers Initiative is focused on two key elements: 1) Maintaining and strengthening the capacity of the existing safety net to support patients; and 2) Using the expertise found in existing centers as a springboard for the expansion. The program has also improved the quality of clinical services provided by existing Health Centers by

funding 270 grants to existing grantee organizations for expansion of oral health, mental health, substance abuse, and pharmaceutical services.

At the end of FY 2004, this strategy had resulted in the creation of 334 new access points (166 new grantees, 168 new satellites), and the provision of 285 grants to significantly expand the medical capacity of existing service delivery sites to expand access to care for 2.9 million additional low income individuals. In FY 2005, HRSA expects to fund 90 new access points and 63 significantly expanded medical capacity sites to serve 740,000 additional patients.

The FY 2006 President's Budget calls for \$2.0 billion for Health Centers, an increase of \$304 million above the FY 2005 Appropriation. These additional funds will support the development of 275 new access points (new starts administered by new grantee organizations and satellites of existing grantees) and 303 expanded existing sites to serve an additional 2.39 million patients. New access points will be established through Health Centers targeting the neediest populations and communities by replicating existing models of success. Expanded access points will be targeted to communities where an existing Health Center's ability to provide care falls short of meeting the documented service delivery needs of the uninsured and underserved populations. By significantly expanding the capacity of existing access points, increased penetration into these populations will be achieved.

The FY 2006 Budget will begin the President's commitment to place a community or rural health center in every high-poverty county in need. HRSA will target both low-population and high-population counties that have a significant percentage of their

citizens at or below 200% of the Federal Poverty Line. Healthcare organizations in the targeted counties will also be eligible for planning grants to aid the development of viable proposals to establish new health center sites that will meet Federal requirements for governance, community involvement, quality of care and financial feasibility. Rural counties may also receive technical assistance from HHS to help explore and develop a Rural Health Clinic (RHC) designation application.

NATIONAL HEALTH SERVICE CORPS

Since 1972 when the first 20 clinicians were assigned to serve underserved communities, the National Health Services Corps (NHSC) has made nearly 26,000 health professionals available to serve in underserved areas across the country. In addition, the NHSC works with the Health Center program to help meet its provider needs, which are growing with the current expansion. The Budget will maintain the current field strength of more than 4,000 clinicians in 2006.

Currently, approximately 50 percent of the NHSC clinicians serve in Health Centers around the Nation. The NHSC also places clinicians in other community-based systems of care that target Health Professional Shortage Areas of greatest need.

The FY06 Budget requests \$127 million for the NHSC program reflecting a Federal administrative cost savings of \$4.7 million below the FY 2005 Appropriation. The total request supports the President's Management Reform, which will enable the NHSC to better utilize its resources to increase access to high-quality primary medical, dental, and mental and behavioral health care to the Nation's underserved.

HEALTH PROFESSIONS EDUCATION AND NURSE TRAINING

HRSA helps train physicians, nurses, and other health care providers and places

them in communities where their services are needed. The Budget invests in programs with a demonstrated impact on placing health professionals in underserved areas. The Budget provides \$127 million for the National Health Service Corps to direct health professionals into communities facing a critical shortage of physicians, dentists and other health professionals.

The Budget provides \$31 million to support approximately 850 loan repayments and scholarships that will reduce the financial barrier to nursing education for all levels of professional nursing students. The Budget also includes \$31 million for physician and nursing diversity programs. The budget includes \$46 million for basic nursing education, \$43 million for advanced nursing education, and over \$8 million in loans for nurse faculty and support for comprehensive geriatric education. These programs will support the recruitment, education, and retention of an estimated 10,700 nurses and nursing students and recruitment activities targeting approximately 8,000 elementary and high school students.

The Nursing Education Loan Repayment and Scholarship Programs provide an economic incentive to registered nurses to start and/or continue practice at health care facilities with a critical shortage of nurses by providing scholarships or by repaying up to 85 percent of eligible outstanding educational loans over a three-year period. These Programs reduce the financial barrier to nursing education for all levels of professional nursing students, thus increasing the pipeline of future nurses. Scholarship recipients are obligated to fulfill a service commitment payback of at least two years to help alleviate staffing shortages in eligible health care facilities with a critical shortage of nurses.

The FY 2006 Budget requests \$31 million for these programs, reflecting a Federal administrative cost-savings of \$113,000 below the FY 2005 Appropriation. This request will support 807 loan repayment contract awards for RNs agreeing to work in designated public or nonprofit health facilities and provide 275 nursing scholarships to address the need for financial aid to obtain a nursing education. Scholarships provide funds for tuition and fees as well as stipends.

RYAN WHITE CARE ACT

After Medicaid and Medicare, Ryan White CARE Act programs are the largest source of Federal funding for HIV/AIDS health care for low-income, uninsured, and underinsured Americans. As a result, the CARE Act programs are the major source of Federal discretionary resources for medical care and social support needs in the United States for persons living with HIV disease including women, children, and youth.

Since the CARE Act is the “payor of last resort,” the statutory mandates in the Act regarding participatory planning help to insure that the Care Act programs truly meet the needs of persons living with HIV/AIDS. The programs have targeted dollars toward the development of an effective service delivery system by partnering with States, heavily impacted metropolitan areas, community-based and faith-based providers, and academic institutions.

The Ryan White Care Act provides services to approximately 570,000 individuals each year with little or no insurance. In 2004, the President articulated his commitment to Ryan White Care Act reauthorization based upon the principles of focusing Federal resources on life-extending care, ensuring flexibility to target resources to address areas of greatest need, and ensuring results. The FY 2006 Budget will support

a comprehensive approach to address the health needs of persons living with HIV/AIDS, consistent with the reauthorization principles. The request provides a total of \$2.1 billion for Ryan White activities to ensure a comprehensive approach to address the health needs of persons living with HIV/AIDS. The increase will provide additional funding for the State AIDS Drug Assistance Program funded under Part B (Title II of the Care Act).

BIOTERRORISM PROGRAMS

HRSA also helps States develop and implement regional plans to improve the ability of hospitals, emergency departments, EMS systems, and other health care organizations to respond to possible bioterror incidents. The Budget includes the Hospital Preparedness and the Bioterrorism Training and Curriculum Development programs, which are requested under the Public Health and Social Services Emergency Fund (PHSSEF). These programs are administered by HRSA in collaboration with the Assistant Secretary for Public Health Emergency Preparedness and are coordinated with other entities that assist State and local health entities with bioterrorism preparedness.

The FY 2006 Budget requests \$511 million in FY 2006 to continue progress towards the goal of 100 percent of States having the necessary surge capacity entailing elements of healthcare providers, pharmaceuticals, and laboratory services. The National Bioterrorism and Hospital Preparedness (NBHP) Program directly supports States in their efforts to increase their capability to provide critical emergency care in the event of acts of terrorism and other public health emergencies.

FY 2006 will be the fifth year of funding to States for preparing hospitals to provide medical and public health services in the event of a bioterrorist attack or other

public health emergency. Within the total funding requested for these grants, \$25 million will be used to create a targeted demonstration program to establish a state-of-the-art emergency care capability in one or more metropolitan areas. HHS is also developing a plan to review the criteria used in funding allocations to States.

The FY 2006 Request also includes \$28 million for Bioterrorism Training and Curriculum Development to prepare providers to stand ready to respond if bioterrorism should strike. The program includes two components: continuing education for health professionals, funded at \$25 million and curriculum development in health professions schools funded at \$3 million.

CONCLUSION

As the Nation's Access Agency, HRSA focuses on uninsured, underserved, and special needs populations in its goals and program activities. We can take great pride in our significant accomplishments, but we also need to look to the future. We have an ambitious strategic plan for FY 2005 -2010 which sets out the following goals:

- Improve Access to Health Care
- Improve Health Outcomes
- Improve the Quality of Health Care
- Eliminate Health Disparities
- Improve the Public Health and Health Care Systems
- Enhance the Ability of the Health Care System to Respond to Public Health Emergencies
- Achieve Excellence in Management Practices

This is just a brief overview of some of HRSA's major initiatives that represent the ultimate safety net, a net whose strength depends on collaboration among partners in each community and at all levels of government. In FY 2006, HRSA will continue its efforts to keep this safety net tight by providing more and better preventive and primary care services which ultimately reduce unnecessary hospitalization and prevent chronic disease and disability.

HRSA will provide community-based primary care, services for low-income individuals and people with HIV/AIDS, health services for mothers and children, and targeted health professions training. HRSA will also continue to work in partnership with State and local governments and private organizations to expand access to care and thus improve the health and lives of millions of Americans.

In pursuing its goals, HRSA requests total funding of \$5,971,892,000, a decrease of \$837,516,000 below the FY 2005 Appropriation.

Mr. Chairman and members of the Committee, I will be pleased to address any questions or comments you may have on specifics of this Budget request.